

Pulling Together to Protect Social Security and Medicare



American Federation of State County and Municipal Employees
Fall, 2011

“Don’t turn Social Security into the scapegoat for the deficit. Social Security is not the problem....If you break the promise that was made to America’s working families, we’ll hold you accountable. We took on Bush and we won. We’ll fight this just as hard. Keep your hands off Social Security!”

**Hands OFF
Social
Security**

**-AFSCME Pres. Gerald W. McEntee
Campaign to Strengthen Social Security
News Conference
-July 29, 2010**

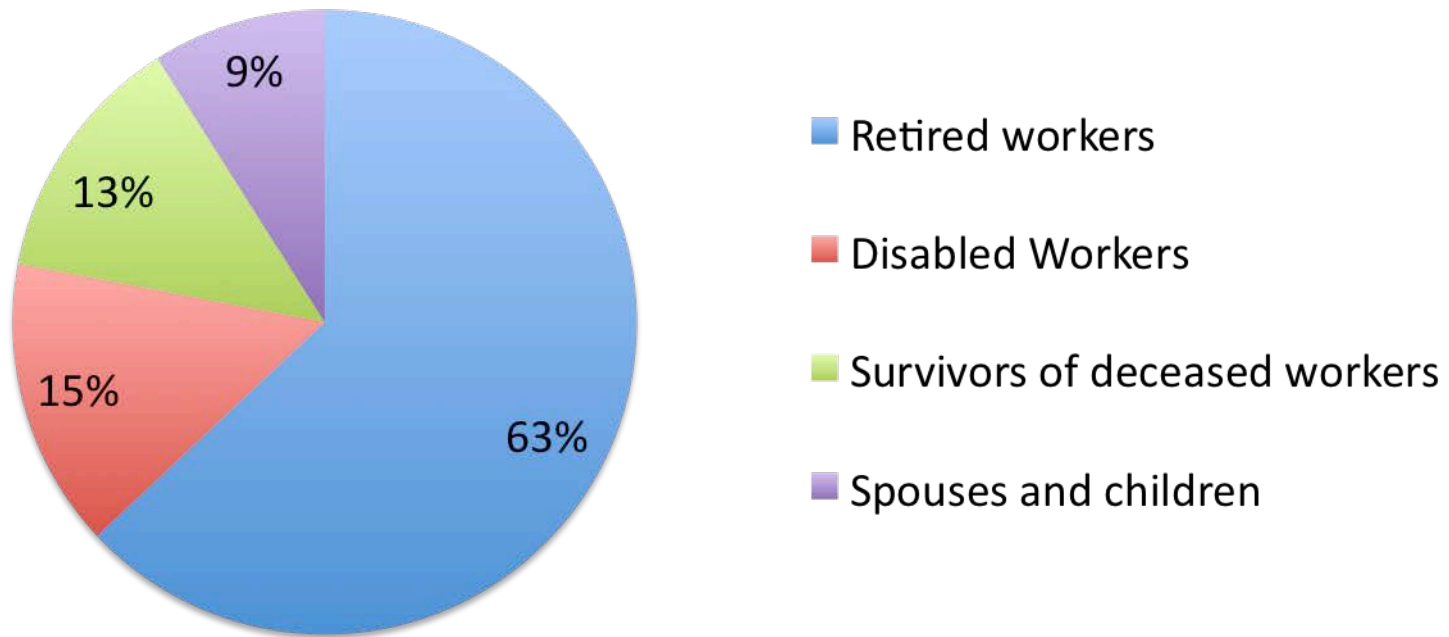


New Threats to Social Security

- **Social Security works!** The system has paid full benefits for decades, providing income security to millions.
- **Now, with deficits looming,** right-wing critics see an opportunity to cut benefits and make a grab for the Trust Fund reserves.
- **We must pull together** to stop them!



Social Security: More Than Just Retirees



Source: SSA, Master Beneficiary Record, 2008



Social Security: America's #1 Safety Net

Poverty Rates With and Without Social Security

| | Women | | Men | |
|-------|----------------------|-------------------------|----------------------|-------------------------|
| Age | With Social Security | Without Social Security | With Social Security | Without Social Security |
| 62-64 | 9.9% | 24.2% | 8.9% | 18.9% |
| 65-74 | 9.8% | 43.1% | 6.2% | 34.9% |
| 75+ | 11.6% | 57.6% | 7.1% | 48.1% |



Social Security is NOT in Crisis

- **Trust Fund** has reserves of \$2.7 trillion.
- **Trustees say** all benefits can be paid in full through 2036 without making changes.
- **The surplus may be gone in 2036**, but payroll contributions alone will cover 77% of all benefits after that.
- **The remaining shortfall** – equal to just 2.2% of taxable wages – will be corrected over time.

Source: 2011 annual report of the Social Security trustees.



Social Security does NOT Add to Federal Deficits

- Social Security is self-sustaining through **payroll contributions**. It doesn't depend on the government's general fund.
- By law, Social Security cannot borrow to pay benefits.
- Revenue that exceeds annual benefit payments is **invested in U.S. Treasury Bonds** at market interest rates; Social Security can draw on the principle and interest as needed.



REAL Reasons for the Deficit

- **Tax cuts in 2001 & 2003** went mostly to wealthy: Those with incomes over \$350,000 a year (top 1%);
- **Costly** foreign wars;
- **Great Recession.**



Deficit Mania

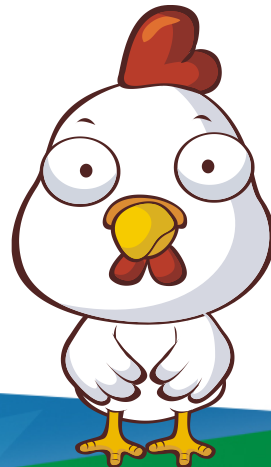
The Great Recession is driving up the deficit:

- **High unemployment** = lower tax revenue & bigger federal outlays for unemployment insurance, Medicaid, food stamps, etc.
- **Deficit hawks** are using this short-term fiscal problem to build support for long-range federal budget cuts.



Deficit Hawks and Chicken Littles

- Under pressure, the President agreed to the **National Commission on Fiscal Responsibility and Reform.**
- 18 named to commission, including many deficit hawks who say the sky is falling.



Co-Chairs NOT on YOUR Side



“We’re going to mess with Medicare, Medicaid and Social Security because, if you take those off the table, you can’t get there.”

Commission Co-Chair Erskine Bowles



“This country is going to the bow-wows unless we deal with entitlements - Social Security and Medicare.”

Commission Co-Chair Alan Simpson



Bowles-Simpson Plan Threatens Retirement Security

- **Raises eligibility age to 64 and full retirement age to 69**, then indexes age to longevity rise.
- **New formula reduces** initial benefits for almost $\frac{3}{4}$ of future recipients. Avg. cuts: 17%.
- **New COLA** based on “Chained CPI” = lower benefits over time.
- **Slowly raises FICA wage cap** until it covers 90% of total payroll in 2050.
- **Plan failed to get the 14 votes** required to advance to Congress, but a majority of 11 approved it.



Another Attack: Rep. Ryan's "Road Map"

- **US Rep. Paul Ryan (R-WI)** is powerful chair of House Budget Committee.
- **Ryan's *Road Map for America's Future* would privatize Social Security & Medicare.**
- **He wants to change the Social Security benefit formula** from a *wage index* to a *price index*, slowing the rise in starting benefits.
- **He'd shorten the time for raising the retirement age to 67, then index to longevity.**



If it doesn't add to the deficit, and
it's so important to American families,

**Why is Social Security
being targeted for cuts?**



As the notorious
WILLIE SUTTON said,
when asked why he robbed banks

“Cause that’s
where the
money is”



Can the U.S. Afford Social Security? **Definitely YES!**

- The cost of making permanent the 2001 & 2003 Bush tax cuts is **3 times the amount** of Social Security's shortfall over 75 years!
- The very same people who championed those tax cuts for the rich now **threaten the retirement security** of average Americans. Who are these predators?

Some of them are billionaires....





Meet **Peter G. Peterson** **Wall Street Billionaire**

Longtime deficit hawk, Nixon Commerce Secretary
& Social Security privatizer.

To Push His Message, Peterson...

- Started a newspaper
- Sponsors forums
- Funds town hall meetings
- **Donated \$1 billion** to his own foundation to build public support for deficit reduction.

Peterson's #1 Target? Social Security



Medicare and Medicaid

Also on the Chopping Block

“Voters won't tolerate schemes to shred the American safety net. Whether they help seniors retire with peace of mind or help the most vulnerable among us live with dignity, Medicare and Medicaid are part of the American social fabric. Balancing the budget and reducing the national debt should not be done on the backs of seniors, the sick and disabled, and the working middle class of America.”

-AFSCME Pres. Gerald W. McEntee

-May 24, 2010



House Budget Resolution Privatizes Medicare

In April, the House
Passed a budget
resolution based
on the Ryan
“Road Map” plan

“Did you hear what [Ryan] wants to do to Medicare? Abolish it and replace it with vouchers to buy private insurance. But the vouchers would cover just one-third of insurance, leaving retirees to pay the rest. Is this what people work their whole lives for – to be told in retirement, ‘You’re on your own’? No! Retirees deserve better than that. We as a people are better than that. And at this defining moment, we will fight for a nation that is better than that.”

-AFSCME Sec. Treas. Lee A. Saunders
DC 37 Retirees Education Conference
April 16, 2011



Rep. Ryan's "Road Map" Threatens America's Future

The budget plan released today by Representative Paul Ryan is a disaster for working people, retirees and those who rely on public services. It's not a real solution to our budget problems. It freezes domestic spending at unrealistically low levels, while giving subsidies to corporations and more tax cuts to the wealthy. It decimates important services and programs which working families depend upon, including Medicare and Medicaid, and lays the groundwork for slashing Social Security."

-AFSCME Pres. Gerald W. McEntee

-April 5, 2010



**Now,
Congress's Super
Committee will
try to cut \$1.5
trillion from the
federal budget.
Targets include
Soc Sec, Medicare
& Medicaid.**

“In 2006, our defining moment was keeping Social Security out of Wall Street’s greedy hands. And in 2008, it was taking back the White House. With the stakes higher than ever, in this defining moment, we are not backing down.”

-AFSCME Sec. Treas. Lee A. Saunders
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April 16, 2011



Get **READY** to **FIGHT**

**We Must All Pull Together
Or We All Fall Apart**



For More Information

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